

**DEPARTMENT OF REGULATORY AGENCIES  
DIVISION OF REAL ESTATE  
MORTGAGE LOAN ORIGINATORS AND MORTGAGE COMPANIES  
4 CCR 725-3**

**CHAPTER 2: REQUIREMENTS FOR LICENSURE**

**2.23 Errors and Omissions Insurance**

Mortgage loan originators may obtain errors and omissions coverage from the qualified insurance carrier contracted with the Board of Mortgage Loan Originators to offer licensees and license applicants a group policy of insurance or licensees and applicants may obtain errors and omissions coverage independent of the group plan. Mortgage loan originators are deemed compliant with the errors and omissions insurance requirements if their errors and omissions insurance meets the requirements defined in one of the following options:

- A. Mortgage loan originators, at a minimum, may acquire and maintain individual errors and omissions insurance in their own name with the following terms of coverage:
  - 1. The contract and policy are in conformance with all relevant Colorado statutory requirements;
  - 2. Coverage includes all acts for which a mortgage loan originator license is required, except those illegal, fraudulent, or other acts which are normally excluded from such coverage;
  - 3. Coverage shall encompass all types of transactions conducted by the mortgage loan originator and shall be in the individual mortgage loan originator's name;
  - 4. Coverage is for not less than \$100,000 for each licensed individual per covered claim, with an annual aggregate limit of not less than \$300,000 per licensed individual, not including costs of investigation and defense; and
  - 5. Coverage contains a deductible no greater than \$1,000, or a deductible no greater than \$20,000 for policies that primarily insure reverse mortgage transactions.
  - 6. Prior acts coverage shall be offered to licensees with continuous past coverage.
- B. Mortgage loan originators who are employees or exclusive agents for companies with less than 20 individuals who are required to be licensed pursuant to the current Colorado mortgage loan originator licensing laws and who do not work for more than one company, may, at a minimum, operate under the company's errors and omissions insurance policy if the policy meets the following terms of coverage:
  - 1. The contract and policy are in conformance with all relevant Colorado statutory requirements;

2. Coverage includes all acts for which a mortgage loan originator license is required, except those illegal, fraudulent, or other acts which are normally excluded from such coverage;
  3. Coverage shall include all activities contemplated under current Colorado mortgage loan originator licensing laws and states this in the policy;
  4. Coverage shall encompass all types of transactions conducted by all of the mortgage loan originators employed at the company or by all mortgage loan originators who are exclusive agents of the company;
  5. Coverage is for not less than \$1,000,000 per covered claim, with an annual aggregate limit of not less than \$1,000,000, not including costs of investigation and defense; and
  6. Coverage contains a deductible no greater than \$50,000.
  7. Prior acts coverage shall be offered to licensees with continuous past coverage.
- C. Mortgage loan originators who are W-2 employees or exclusive agents for companies with 20 or more employees and who do not work for more than one company, may, at a minimum, operate under the company's errors and omissions insurance policy if the policy meets the following terms of coverage:
1. The contract and policy are in conformance with all relevant Colorado statutory requirements;
  2. Coverage includes all acts for which a mortgage loan originator license is required, except those illegal, fraudulent, or other acts which are normally excluded from such coverage;
  3. Coverage shall include all activities contemplated under current Colorado mortgage loan originator licensing laws and states this in the policy;
  4. Coverage shall encompass all types of transactions conducted by all of the mortgage loan originators employed at the company or by all mortgage loan originators who are exclusive agents of the company;
  5. Coverage shall encompass all types of transactions conducted by all of the mortgage loan originators employed at the company;
  6. Coverage is for not less than \$1,000,000 per covered claim, with an annual aggregate limit of not less than \$2,000,000 not including costs of investigation and defense; and
  7. Coverage contains a deductible no greater than \$100,000.
  8. Prior acts coverage shall be offered to licensees with continuous past coverage.

- 2.24 Regarding company errors and omissions insurance policies, the company shall provide the Board, or an authorized representative of the Board, with any and all requested errors and omissions insurance policies relevant to Rule 2.23 or current Colorado mortgage loan originator licensing laws and shall verify and provide adequate proof regarding the timeline of employment for each individual operating under such company policy. Failure on the part of the company to provide such information shall result in non-compliance

regarding the errors and omissions insurance requirement for individual licensees operating under the company's errors and omissions insurance policy.

- 2.25 Mortgage loan originators shall be required to provide proof of continuous errors and omissions insurance coverage and that all required information is current. The mortgage loan originator may update all required information electronically on the Division of Real Estate's website.
- 2.26 Any licensee who so fails to obtain and maintain an errors and omissions insurance coverage in accordance with Board rules or fails to provide proof of continuous coverage shall be subject to disciplinary action.